

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



June 22, 2006

To: All Telecommunications Carriers Offering Telecommunications Services that are Eligible for California Teleconnect Fund (CTF) Discounts

Re: CTF Administrative Letter No. 14 – BEAR funding process.

Resolution T-16763, dated May 27, 2004, indicates that an assessment of the Billed Entity Applicant Reimbursement (BEAR) process is to be performed on or before July 1, 2006.

Ordering Paragraph (OP) No. 11 of Resolution T-16763, states:

“Carriers who are currently using the BEAR funding process for the E-rate customers shall be allowed to do so until July 1, 2006.”

Ordering Paragraph (OP) No. 12 of Resolution T-16763 states:

“On or before July 1, 2006, the TD shall assess the feasibility of allowing the BEAR funding process to continue beyond the July 1, 2006 date.”

In D.96-10-066, the Commission established the CTF program to provide discounts to qualifying schools, libraries, community based organizations (CBO), and municipal and county government owned and operated hospitals and health clinics in California subscribing to a family of telecommunications services including Measured Business (1 MB) service, T-1 service, and DS-3, or their functional equivalents. The E-rate program provides discounts to assist most schools and libraries in the United States obtain affordable telecommunications and Internet access. E-rate customers have the option of being funded directly from the SLD via reimbursement for services that have already been paid (BEAR) or having their service provider invoice the SLD for discounts provided to the E-rate customer. In the BEAR funding process, the service provider and the applicant jointly submit the BEAR form, following the applicant's receipt of discounted eligible telecommunications services, after the applicant has fully paid for the services.

Based on its analysis, the Telecommunications Division concludes that as of July 1, 2006 the BEAR form will no longer be used to compute the CTF discount.

Should you have any questions regarding this matter, please contact Carlos Figueroa at (415) 703-1993 or Fe Lazaro at (415) 703-2627.

John M. Leutza

John M. Leutza, Director
Telecommunications Division